

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: Isaac Anthony Arnold
Newport News, VA 23602

File Number 2005-02406
License Number 0225072029

FINAL OPINION AND ORDER

On June 6, 2005, the Summary of the Informal Fact-Finding Conference ("the Summary") and notification of the Real Estate Board ("the Board") July 14, 2005 meeting was mailed, via certified mail, to Isaac Anthony Arnold ("Arnold") at the address of record. The certified mail was returned marked "unclaimed." In addition, the Summary was mailed, via certified mail, to Arnold at 304 Mimosa Drive, Newport News, VA 23606. The mailed was received.

On July 14, 2005, the Board met and reviewed the record, which consisted of the investigative file, the transcript, and exhibits from the Informal Fact-Finding Conference ("IFF"), and the Summary. Arnold did not appear at the Board meeting in person, or by counsel, or by any other qualified representative.

The Board adopts the Report of Findings, which contains the facts regarding the regulatory and/or statutory issues in this matter, and adopts the Summary. The Report of Findings and Summary are incorporated as part of this Order.

The Board finds substantial evidence that Arnold violated the following sections of its Regulations:

(Effective April 1, 2003)
Count 1: 18 VAC 135-20-210.A
Count 2: 18 VAC 135-20-260.10
Count 3: 18 VAC 135-20-260.11
Count 4: 18 VAC 135-20-300.9

The Board also imposes the following sanctions:

Revocation of license for violation of 18 VAC 135-20-260.10 (Count 2),
18 VAC 135-20-260.11 (Count 3) and 18 VAC 135-20-300.9 (Count 4).

As to 18 VAC 135-20-210.A (Count 1), the Board voted that no additional penalty
be imposed in light of the sanction imposed for Counts 2, 3 and 4.

THE TOTAL MONETARY PENALTY ASSESSED HEREIN SHALL BE
PAID WITHIN SIXTY (60) DAYS FROM THE DATE OF ENTRY OF
THIS FINAL ORDER. FAILURE TO PAY THE TOTAL MONETARY
PENALTY ASSESSED WITHIN SIXTY (60) DAYS OF THE DATE OF
ENTRY OF THIS FINAL ORDER WILL RESULT IN THE AUTOMATIC
SUSPENSION OF YOUR LICENSE (LICENSE NO. 0225072029)
UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

AS PROVIDED BY RULE 2A:2 OF THE SUPREME COURT OF
VIRGINIA, YOU HAVE THIRTY (30) DAYS FROM THE DATE OF
SERVICE (I.E. THE DATE YOU ACTUALLY RECEIVED THIS
DECISION OR THE DATE THE DECISION WAS MAILED TO YOU,
WHICHEVER OCCURRED FIRST) WITHIN WHICH TO APPEAL THIS
DECISION BY FILING A NOTICE OF APPEAL, SIGNED BY EITHER
YOU OR YOUR COUNSEL, WITH LOUISE FONTAINE WARE,
SECRETARY OF THE REAL ESTATE BOARD. IN THE EVENT THAT
THE DECISION WAS SERVED ON YOU BY MAIL, THREE (3) DAYS
SHALL BE ADDED TO THE THIRTY (30) DAY PERIOD.


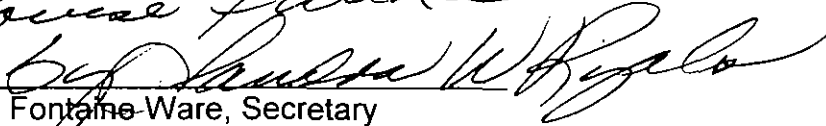
IF A PETITION FOR APPEAL IS FILED WITH THE CLERK OF THE
CIRCUIT COURT, AS PROVIDED BY RULE 2A:4 OF THE SUPREME
COURT OF VIRGINIA, THEN THE AUTOMATIC SUSPENSION OF
YOUR LICENSE FOR FAILURE TO PAY THE TOTAL ASSESSED
MONETARY PENALTY WILL BE STAYED PROVIDED THE
FOLLOWING INFORMATION IS RECEIVED BY LOUISE FONTAINE
WARE, SECRETARY OF THE REAL ESTATE BOARD:

1. A SIGNED COPY OF THE NOTICE OF APPEAL; AND
2. A COPY OF THE SURETY AGREEMENT OR A COPY OF THE
RECEIPT FROM THE CLERK OF THE CIRCUIT COURT WHERE THE
APPEAL HAS BEEN FILED INDICATING THAT A BOND HAS BEEN
POSTED OR CASH PAID INTO THE COURT IN THE AMOUNT OF THE
TOTAL MONETARY PENALTY ASSESSED IN THE FINAL ORDER.

SO ORDERED:

Entered this 14th day of July, 2005.

Real Estate Board

BY: 

Louise Fontaine Ware, Secretary

**IN THE
COMMONWEALTH OF VIRGINIA
REAL ESTATE BOARD**

Re: Isaac A. Arnold

File Number: 2005-02406
License Number: 0225072029

SUMMARY OF THE INFORMAL FACT-FINDING CONFERENCE

On April 26, 2005, the Notice of Informal Fact-Finding Conference ("Notice") was mailed, via certified mail, to Isaac A. Arnold ("Arnold") to the address of record. The Notice included the Report of Findings, which contained the facts regarding the regulatory and/or statutory issues in this matter. The certified mail was returned by the U.S. Postal Service marked "attempted, not known." The Notice was re-sent, via overnight mail, to Arnold at an alternate address identified by the Board's investigator. The overnight mail was delivered.

On May 20, 2005, an Informal Fact-Finding Conference ("IFF") was convened at the Department of Professional and Occupational Regulation.

The following individuals participated at the IFF: Idalee Mick, Complainant; Amy Chappell, Staff Member; and Schaefer Oglesby, Presiding Board Member. Neither Arnold, nor anyone on his behalf appeared at the IFF.

RECOMMENDATION

Based upon the evidence and the IFF, the following is recommended regarding the Counts as outlined in the Report of Findings:

Count 1: Board Regulation (Effective April 1, 2003)

Based on the information presented in the record, and confirmed by Ms. Mick's testimony which was un-rebutted by Arnold, I find a violation did occur. On August 27, 2004, Arnold and his step-father, G. Balts, as buyers, submitted to the Swansons, as sellers, an offer to purchase property. The offer to purchase was ratified on September 7, 2004. Arnold failed to disclose his ownership interest in the written offer to purchase, in violation of Board Regulation 18 VAC 135-20-210.A. Arnold signed the offer as a licensee of Greg Garrett Realty (selling firm), and again as buyer. Arnold failed to disclose his interest in paragraph 14.D, "Agency Interest Disclosure." However, in light of the sanction recommended in Counts 2, 3, and 4, I recommend no additional penalty be imposed.

Count 2: Board Regulation (Effective April 1, 2003)

Based on the information presented in the record, and confirmed by Ms. Mick's testimony which was un-rebutted by Arnold, I find a violation did occur. In October of 2004, after acquiring the subject property from the Swansons, G. Batts authorized Arnold to list the property for sale. On October 21, 2004, G. Batts and Arnold, as sellers, entered into a Standard Purchase Agreement with A. James, as buyer. G. Batts did not physically sign the documents related to the transaction, but agreed to the terms of the sale. On November 30, 2004, Arnold signed Batts' name, without permission, to the respective closing documents. Arnold, as a notary public, notarized his own signature of Batts' name on the deed and closing documents. Arnold's actions of signing Batts' name without permission, and then using his notary designation to attest to the signature, constitutes a failure to act as a real estate salesperson in such a manner as to safeguard the interests of the public, in violation of Board Regulation 18 VAC 135-20-260.10. Arnold's actions put the Buyer in significant peril. Batts' signature on the closing documents with the presence of Arnold's notarization misled the Buyer into believing the transaction was legally sound. At best, the Buyer would be forced to conduct a second closing to obtain valid signatures. It is quite possible Arnold's actions could have led to litigation. Arnold's decision to sign and notarize Batts' name in order to avoid an uncomfortable family situation with his step-father is inexcusable. Therefore, I recommend license revocation be imposed.

Count 3: Board Regulation (Effective April 1, 2003)

Based on the information presented in the record, and confirmed by Ms. Mick's testimony which was un-rebutted by Arnold, I find a violation did occur. In October of 2004, after acquiring the subject property from the Swansons, G. Batts authorized Arnold to list the property for sale. On October 21, 2004, G. Batts and Arnold, as sellers, entered into a Standard Purchase Agreement with A. James, as buyer. G. Batts did not physically sign the documents related to the transaction, but agreed to the terms of the sale. On November 30, 2004, Arnold signed Batts' name, without permission, to the respective closing documents. Arnold, as a notary public, notarized his own signature of Batts' name on the deed and closing documents. Arnold's actions of signing Batts' name without permission, and then using his notary designation to attest to the signature, is engaging in improper, fraudulent, and dishonest conduct, in violation of Board Regulation 18 VAC 135-20-260.11. Such dishonest and fraudulent conduct jeopardized not only this contract, but the public's confidence in relying on closings which occur in the absence of the other party. Arnold's dishonest behavior, prompted apparently by his desire to avoid an uncomfortable family situation, shows a lack of sound judgment on his part. Therefore, I recommend license revocation be imposed.

Count 4: Board Regulation (Effective April 1, 2003)

Based on the information presented in the record, and confirmed by Ms. Mick's testimony which was un-rebutted by Arnold, I find a violation did occur. In October of 2004, after acquiring the subject property from the Swansons, G. Batts authorized

Arnold to list the property for sale. On October 21, 2004, G. Batts and Arnold, as sellers, entered into a Standard Purchase Agreement with A. James, as buyer. G. Batts did not physically sign the documents related to the transaction, but agreed to the terms of the sale. On November 30, 2004, Arnold signed Batts' name, without permission, to the respective closing documents. Arnold, as a notary public, notarized his own signature of Batts' name on the deed and closing documents. Arnold's actions of signing Batts' name without permission, and then using his notary designation to attest to the signature, is knowingly making a material misrepresentation, in violation of Board Regulation 18 VAC 135-20-300.9. Batts' signature on the closing documents with the presence of Arnold's notarization misled the Buyer into believing the transaction was legally sound. At best, the Buyer would be forced to conduct a second closing to obtain valid signatures. It is quite possible Arnold's actions could have led to litigation. Therefore, I recommend license revocation be imposed.

By: R. Schaefer Oglesby /acc/
R. Schaefer Oglesby
Presiding Board Member

Real Estate Board

Date: June 1, 2005

MONETARY PENALTY TERMS

THE TOTAL MONETARY PENALTY RECOMMENDED HEREIN SHALL BE PAID WITHIN SIXTY (60) DAYS FROM THE DATE OF ENTRY OF THE FINAL ORDER IN THIS MATTER. FAILURE TO PAY THE TOTAL MONETARY PENALTY ASSESSED WITHIN SIXTY (60) DAYS OF THE DATE OF ENTRY OF SAID FINAL ORDER WILL RESULT IN THE AUTOMATIC SUSPENSION OF THE LICENSE, CERTIFICATE, OR REGISTRATION UNTIL SUCH TIME AS SAID AMOUNT IS PAID IN FULL.

VIRGINIA DEPARTMENT OF PROFESSIONAL
AND OCCUPATIONAL REGULATION
COMPLIANCE & INVESTIGATION DIVISION
3600 WEST BROAD STREET
RICHMOND, VA 23230-4917

REPORT OF FINDINGS

BOARD: Real Estate Board
DATE: April 19, 2005

FILE NUMBER: 2005-02406
RESPONDENT: Isaac Anthony Arnold
LICENSE NUMBER: 0225072029
EXPIRATION: May 31, 2005

SUBMITTED BY: Valerie J. Matney
APPROVED BY: David C. Dorner

COMMENTS:

A re-closing was held and all parties signed the closing documents to accurately reflect the transaction.

Isaac Anthony Arnold ("Arnold") was at all times material to this matter a licensed Real Estate Salesman type in Virginia (No. 0225072029). (Exh. I-1)

Based on the analysis and/or investigation of this matter, there is probable cause to believe the respondent has committed the following violation(s) of the Code of Virginia and/or Board's regulation(s):

BACKGROUND:

On December 6, 2004, the Compliance & Investigations Division of the Department of Professional and Occupational Regulation received a written complaint from Idalee Mick ("Mick") regarding Arnold. (Exh. C-1) On or about January 18, 2004, Mick submitted additional information regarding the complaint to the Board. (Exh. C-2)

On or about August 27, 2004, Arnold and his stepfather, Garry Batts, Jr. ("G. Batts"), as buyers, submitted a Standard Purchase Agreement ("Purchase Agreement 1") and accompanying documents, to Tim and Kim Swanson, (the "Swansons"), as sellers, in an offer to purchase 12677 Daybreak Circle, Newport News, Virginia 23602. On or about September 7, 2004, Purchase Agreement 1 was ratified. (Exh. C-3) Batts and Arnold subsequently closed on the purchase of the subject property.

On or about October 2004, G. Batts, authorized Arnold to list and negotiate the sale of the subject property. G. Batts did not physically sign the following documents, but generally agreed to the terms of the sale (Exh. C-1, C-2, I-2 and I-3):

- Standard Listing Agreement (Exh. C-4)
- REIN Data Input forms (Exh. C-5)
- Property Disclosure Act Form (Exh. C-6)
- Residential Property Disclaimer Statement (Exh. C-7)
- Affiliated Business Disclosure (Exh. C-8)

On or about October 21, 2004, Arnold and G. Batts, as sellers, entered into a Standard Purchase Agreement ("Purchase Agreement 2") with Antonio James, ("James"), as buyer, of the subject property. (Exh. C-2) G. Batts did not physically sign the following documents related to Purchase Agreement 2, but generally agreed to the terms of the sale (Exh. C-1, I-2 and I-3):

- Standard Purchase Agreement (Exh. C-9)
- Condominium Addendum to Purchase Agreement (Exh. C-10)
- Residential Property Disclaimer Statement (Exh. C-11)
- Consumer Disclosure Information Form (Exh. C-12)
- Amendment/Addendum to Purchase Agreement decreasing sales price to \$97,000.00 (Exh. C-13)
- Disclosure of Designated and Dual Representation (Exh. C-14)

On or about late October 2004, communication between G. Batts and Arnold broke down. On or about late October through November 2004, G. Batts and his wife, Vanessa Batts ("V. Batts"), repeatedly tried to contact Arnold about closing. (Exh. I-2 and I-3)

On or about November 30, 2004, Arnold signed the closing documents on behalf of G. Batts without G. Batts' permission. As a Notary Public, Arnold notarized his own signature of G. Batts' name on the deed. (Exh. C-1, C-3, C-15, I-2 and I-3)

On or about December 2, 2004, G. Batts called Arnold's office to inquire about a closing date, and was advised that closing had already taken place. G. Batts advised Arnold's broker, Mick, that he did not attend closing and that he had not signed the closing documents. (Exh. C-1, C-2 and I-2)

On or about December 3, 2004, Arnold mailed a check for G. Batts' proceeds to G. Batts. (Exh. I-2)

On or about December 3, 2004, Mick confronted Arnold about G. Batts' signatures and closing. Arnold admitted signing the closing documents on G. Batts' behalf without G. Batts' permission. Arnold further admitted notarizing his own signature as G. Batts' signature. Mick terminated Arnold and sent his license back to the Board. (Exh. C-1, C-2 and I-3)

1. Board Regulation (Effective April 1, 2003)

18 VAC 135-20-210. Disclosure of interest.

- A. If a licensee knows or should have known that he, any member of his family, his firm, any member of his firm, or any entity in which he has an ownership interest, is acquiring or attempting to acquire real property through purchase or lease and the licensee is a party to the transaction, the licensee must disclose that information to the owner in writing in the offer to purchase or lease.

FACTS:

On or about August 27, 2004, Arnold and his stepfather, G. Batts, as buyers, submitted Purchase Agreement 1 and accompanying documents, to the Swansons, as sellers, in an offer to purchase the subject property. On or about September 7, 2004, Purchase Agreement 1 was ratified. (Exh. C-3)

Arnold failed to disclose his ownership interest in the written offer to purchase. (Exh. C-3)

2. Board Regulation (Effective September 1, 2004)

18 VAC 135-20-260. Unworthiness and incompetence.

Actions constituting unworthy and incompetent conduct include:

10. Failing to act as a real estate broker or salesperson in such a manner as to safeguard the interests of the public

FACTS:

On or about late October 2004, communication between G. Batts and Arnold broke down. On or about late October through November 2004, G. Batts and his wife, V. Batts, repeatedly tried to contact Arnold about closing. (Exh. I-2 and I-3)

On or about November 30, 2004, Arnold signed the closing documents on behalf of G. Batts without G. Batts' permission. As a Notary Public, Arnold notarized his own signature of G. Batts' name on the deed. (Exh. C-1, C-3, C-15, I-2 and I-3)

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3. Board Regulation (Effective September 1, 2004)

18 VAC 135-20-260. Unworthiness and incompetence.

Actions constituting unworthy and incompetent conduct include:

11. Engaging in improper, fraudulent, or dishonest conduct.

FACTS:

On or about late October 2004, communication between G. Batts and Arnold broke down. On or about late October through November 2004, G. Batts and his wife, V. Batts, repeatedly tried to contact Arnold about closing. (Exh. I-2 and I-3)

On or about November 30, 2004, Arnold signed the closing documents on behalf of G. Batts without G. Batts' permission. As a Notary Public, Arnold notarized his own signature of G. Batts' name on the deed. (Exh. C-1, C-3, C-15, I-2 and I-3)

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On or about December 3, 2004, Mick confronted Arnold about G. Batts' signatures and closing. Arnold admitted signing the closing documents on G. Batts' behalf without G. Batts' permission. Arnold further admitted notarizing his own signature as G. Batts' signature. Mick terminated Arnold and sent his license back to the Board. (Exh. C-1, C-2 and I-3)

4. Board Regulation (Effective September 1, 2004)

18 VAC 135-20-300. Misrepresentation/omission.

Actions constituting misrepresentation or omission, or both, include:

9. **Knowingly making any material misrepresentation** or making a material misrepresentation reasonably relied upon by a third party to that party's detriment

FACTS:

On or about late October 2004, communication between G. Batts and Arnold broke down. On or about late October through November 2004, G. Batts and his wife, V. Batts, repeatedly tried to contact Arnold about closing. (Exh. I-2 and I-3)

On or about November 30, 2004, Arnold signed the closing documents on behalf of G. Batts without G. Batts' permission. As a Notary Public, Arnold notarized his own signature of G. Batts' name on the deed. (Exh. C-1, C-3, C-15, I-2 and I-3)

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